CHAPTER 5

ACCOUNTING FOR EXPENDITURES

INTRODUCTION

This chapter includes instructions for processing matched payments and claim voucher payments. Requirements for the use of each payment method are given with sample forms and instructions. The voucher abstract form, used to transmit batches of claim vouchers and travel vouchers, is also presented. Control procedures are given to ensure properly authorized and accurate agency transactions. The process to replace a lost or stolen warrant is explained.

The state accounting system contains a vendor file which includes vendor number records with associated names and addresses. Use of vendor numbers for claim payments is explained. Samples of online inquiry screens and microfiche vendor file reports are shown. The form required to change the vendor file or add new vendor information is given.

Reports issued from the centralized accounting system that include expenditures are the Warrant Distribution Report, Agency Available Funds Activity Report, and the Agency Appropriation and Allotment Trial Balance. The Warrant Distribution Report is produced on paper and given to agencies with the processed expense documents and the warrants issued for claim payments. The report is also available on Alchemy. Agency expenditure transactions are listed on the Agency Available Funds Activity Report for the fund/center. Totals given on the Activity Report are totals of the listed transactions only. Fiscal year-to-date total expenditures are provided on the Agency Appropriation and Allotment Trial Balance Report. The Activity and Trial Balance Reports are issued on Alchemy. Information shown on each report is explained with examples presented. Agency procedures to verify reported expenditures are presented as well.

The chapter begins with an overview of the expenditure process, basic payment provisions, and expenditure objects. A complete list of the expenditure objects is included in an appendix of this manual.

OVERVIEW OF EXPENDITURE PROCESS

State agencies, offices or departments incur expenditure obligations through performing statutory duties and by procuring necessary goods or services. When goods or services are received, or other payment obligations are due, an authorized agency official approves payments or certifies that each claim is correct, valid, and a proper charge against the State agency and fund/center. The official may certify a total batch of some types of claims. The approved or certified expense documents, or batch media, are submitted to the Auditor of State. The Auditor's staff performs preaudit procedures to ensure accuracy, authority, and available funds for the fund/object/center, prior to approving warrant issuance. "All warrants for the payment of public funds of the state are drawn by the Auditor of State on the Treasurer of State." [IC 5-13-5-3] Agency expenditures are recorded on the state accounting system when warrants are issued by the Auditor of State.

The agency shares the responsibility for recording and submitting prepared documents as input to the Auditor of State accounting system. Transactions should be properly classified as to the fund/object/center. The agency should apply control procedures to ensure properly authorized and accurate transactions. For claim payments, the correct vendor number must be listed. Required documents should be submitted in a timely manner. After processing by the Auditor of State, the agency verifies the accuracy of the warrant and the expenditure recorded.

Two basic expenditure documents are used by the State of Indiana to issue warrants, (other than those issued to employees for payroll, travel, or SDO reimbursement). These are the Matched Payment for Purchase Order and the Claim Voucher. For the Matched Payment of a Purchase Order, the Auditor of State's Office matches the encumbered purchase order to the agency receiving report and vendor invoice. When the three documents agree, the state warrant is issued and mailed directly to the vendor. Claim vouchers are used for grant payments or vendor payments which do not require encumbrance. The agency records the fund/object/center entries for the payee and certifies the claim. Vendors must also certify claims in most cases. Vendor claims always require an itemized vendor invoice. Claim Vouchers are submitted in batches, summarized on Voucher Abstracts. State warrants issued for claims are given to the agency to verify and distribute.

The document reference for each of these payment methods is recorded as follows:

MXXXXXXXXX	Matched Payment of Purchase Order	
	XXXXXXXXX	Vendor invoice number as entered by the Auditor's Office.
C###XXXXXX	Claim Voucher	
	###	Agency Number
	XXXXXX	Agency Assigned Document Number

The Claim Voucher and Voucher Abstract are also used to certify batch payment requests submitted by agencies on a computer disk or tape. These transactions have a document reference which either begins with HV for high volume or with the three digit agency number for vendor file payments. These payment methods are described in the Claim Voucher section of this chapter. Instructions are given in Chapter 14, Payments from Computer Media.

PAYEE ON WARRANTS

All warrants are made payable to the vendor or claimant. In no instance can the Auditor issue a warrant payable to an officer or agency for payment of several claims (where the officer is to distribute or pay to the several claimants the amount due) except in the case of special disbursement officers. [IC 4-13-2-7(a)(2)] Special disbursing officers have received authority to procure and pay for items or services up to a specified dollar amount. Chapter Seven explains special disbursing officer funds.

ADVANCE PAYMENTS PROHIBITED

Payments cannot be made in advance of the receipt of the services, supplies, materials, or equipment. The types of advance payments which may be allowed, with Budget Agency approval, are specified in IC 4-13-2-20. Examples of commonly allowed advance payments are: dues and subscriptions, license fees, utility connection charges, insurance premiums, and grants of state funds authorized by statute. For provisions related to advance funding of federal grant programs, as well as other allowable advance payments see IC 4-13-2-20(a) and (b).

ITEMIZATION REQUIRED FOR DISBURSEMENT

All state disbursements are required by law to be fully itemized. IC 4-10-11-1 states that vouchers shall not be approved by any officer or officers authorized to approve the same, unless so itemized, and when vouchers are presented to the Auditor of State for warrants, they shall be accompanied by said itemized accounts and statements. Other state statutes requiring fully itemized state payments include the following:

IC 5-11-10-1	Disbursements on itemized claims only.
IC 4-10-12-1	Vouchers must show expenditure is for purpose appropriated.

Information necessary to sufficiently itemize payments ranges from listing a program title and period for a grant distribution to providing unit costs, quantity, and description for each item or service received. If reference is made to a vendor invoice, statement or bill it should be attached. Blank or incomplete claims should never be signed.

USE OF PUBLIC FUNDS

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit.

PENALTIES, INTEREST AND OTHER CHARGES

Officials and employees have the duty to pay claims, remit taxes, etc., in a timely fashion. Any penalties, interest or other charges paid by the governmental unit may be the obligation of the responsible official or employee.

DUPLICATE OR OVERPAYMENT COLLECTION

Governmental units are responsible for collecting any overpayment or duplicate payments made. Repayment should be sought immediately once an overpayment has been identified.

DUES AND SUBSCRIPTIONS

Dues and subscriptions paid from public funds should be for institutional memberships; i.e., in the name of the state agency, not an individual's name.

LONG DISTANCE TELEPHONE CALLS

Personal long distance calls are not allowed to be charged to the State or placed over the State telephone network. Such calls should be charged to the employee's home phone, personal calling card, or placed collect.

Agencies should review monthly billings from Telecommunications for indication of charges for personal calls. If an agency discovers that personal calls have been placed, reimbursement must be sought for the charges incurred and the employee should be instructed not to charge additional long distance calls on the state network.

CELLULAR PHONES

Cellular phone service, which is paid for with public funds, is for the sole benefit of the state agency. Personal calls, whether local or long distance, should not be made on a cellular phone.

Agencies should monitor the use of cellular phones to ensure that they are not paying for air time that is not needed. Agencies should review service providers plans and determine if there may be a more cost efficient plan based on the actual use of the phone service.

EXPENDITURE OBJECT

Expenditure Object Structure

Object codes used to classify and record expenditure transactions begin with a 5. The second digit of the object is the major category, or point, of expenditure. Object detail (third through fifth digits) are defined for each expense category. It associates a specific description to the expense. An example is 520300 is used for utilities and 520400 is freight and expense charges. A complete object list is provided in an appendix in this manual. For most expenditure transactions, the last digit of the object will be a zero. A one as the last digit indicates a transfer. Expenditure transfer transactions are recorded from interdepartment bills or, under certain circumstances, from journal voucher entries.

The structure of the expenditure object is illustrated on page 5:6.

Expenditure Categories Defined

EXPENDITURE CATEGORIES

POINT	DESCRIPTION
1	Personal Services
2	Services Other than Personal
3	Services by Contract
4	Supplies, Materials, and Parts
5	Equipment
6	Lands and Structures
7	Grants, Subsidies, Refunds, and Awards
8	In-State Travel
9	Out-of-State Travel

Personal Services includes payments for salaries and wages to officers and employees of the state (either regular or temporary), the employer's share of social security, health insurance, life insurance and retirement fund contributions, payments for compensation awards, and special payments for expert service. It also includes salary per diem paid to commission and board members.

Services Other than Personal are those non-expert services which generally do not require a formal contract. Point two objects include utilities, subscriptions, lock box or post box rental, and U.S. government document fees, to name a few.

Most services are classified as point three, Services by Contract. These include lease and maintenance contracts, consultants, printing and repairs. Most point three disbursements require a written contract or purchase order.

Point four, Supplies, Materials, and Parts, are those products and commodities received by the state. Detail objects include stationery, office supplies, fuel, and food for institutions.

Equipment includes payments for machinery, implements, tools, furniture, furnishings, vehicles, and other articles that have a period of service for more than a year.

Land and Structures, point six, is used to record public works, transportation, and capital improvement projects. It includes object detail for buildings or highway construction, improvements and related consulting contracts.

Grants, Subsidies, Refunds, and Awards includes: Payments direct to, or made on behalf of, state or federal program recipients; distributions of funds for local governmental units; tax refunds; judgments/settlements; and costs of certain services for inmates or wards of the state. Agency records support calculations and determinations of the grants, distributions, or benefits provided from state or federal laws and program requirements.

The costs incurred for traveling on state business are recorded as point eight for in-state destinations and point nine for out-of-state destinations. Detail for travel expense is provided in Chapter 11.

STATE OF INDIANA
ACCOUNT STRUCTURE DETAIL

EXPENDITURE
OBJECT

5XXXXX

5<XXXO>X

5 X XXO X

INDICATIVE CHARACTER	MAJOR CATEGORY	DETAIL	TRANSFER INDICATOR
5 EXPENDITURE	1 = Personal Services	XXO	0 == > Not a Transfer
	2 = Services Other Than Personal	Detail is defined for each expense category.	1 == > Transfer Object
	3 = Services by Contract		
	4 = Materials, Supplies and Parts		
	5 = Equipment		
	6 = Land, Structures		
	7 = Grants, Subsidies Refunds, and Awards		
	8 = In-State Travel		
	9 = Out-of-State Travel		

NOTE: See the Object List in Appendix C of the manual for complete object detail descriptions.

Relationship to Other Objects

Expenditure objects correspond to the budget objects for allotment and encumbrance. Encumbrances use the same object as the expenditure except that the first digit is an eight instead of five. This provides the entries for the purchase order and matched payments. Allotments are recorded using the same object categories, or points, one through nine. Available funds for each expense category can then be calculated and reported on the Agency Appropriation and Allotment Trial Balance Report. The Trial Balance lists the year-to-date totals of appropriations, appropriation balance, allotments, expenditures, encumbrances, and the allotment balance for each center.

MATCHED PAYMENT OF A PURCHASE ORDER

Purchase orders are issued by the Department of Administration for goods or services to be provided to an agency within a fiscal year. Purchase orders are required for most vendor contracts to record an encumbrance and matched payments. Most purchase orders are issued for expenditure categories three through six. Purchase orders are issued based upon agency requisitions, written state contracts, or procurement documents. Different forms and series of purchase orders include: standard Purchase Orders, (also used for Quantity Purchase Release for Quantity Purchase Agreements) Institution Food Orders, Highway Materials Orders, and Public Works Project Orders. The Department of Transportation issues its own series of purchase orders.

For a Matched Payment, the agency must compare, or "match", the vendor invoice to the encumbered state purchase order to the receiving report. Upon determination that the these documents agree, the receiving report and vendor’s invoice are forwarded to the Auditor of State. The state warrant is issued and mailed directly to the vendor. An expenditure is recorded for the matched payment and the purchase order encumbrance balance is reduced.

Additional reasons to use the Matched Payment method for vendor payments include:

- Vendor file verification and maintenance is not required of the agency.
- The receipt of goods or services is formally documented.
- An official record of the contract payment(s) is maintained.
- The state accounting system maintains control of the maximum contract or purchase order payment.
- No sorting and calculation of batch amounts is required, as for claims which must be summarized on a voucher abstract.
- The warrant is mailed by the Auditor, so the agency does not have concerns as to handling warrants or postage.
- Unspent encumbered funds do not revert at fiscal year end, but are restricted to payments for the purchase order referenced.

Matched Payment Process

The agency receives one copy of the purchase order upon encumbrance by the Auditor of State, the BLUE copy, on which the agency maintains a record of partial payments. The ORANGE copy, used as the agency receiving report, is sent to the agency by the Department of Administration when they send the white, yellow and blue copies to the Auditor of State's office. For multi-page purchase orders, the agency also receives blue and orange copies of each continuation form page issued.

The agency completes a receiving report after the goods or services are received or when a monthly contract payment is due. If an entire order is received or it is the final delivery, complete the orange copy of the purchase order entering the quantity, date received, amount to be paid, 1099 reportable code. Complete the INVOICE INFORMATION box by marking the applicable boxes and recording the appropriate dates. This will determine if the Auditor will include interest for late payment. Include all orange copy continuation pages. For a partial delivery or payment, complete a Report of Partial Delivery, state form 12537. The employee with the direct knowledge of the receipt of the goods or services certifies the receiving report. Agency procedures to approve the payment are applied as explained in the following section. The authorized agency official signs the receiving report to approve payment. Send the original receiving report plus a photocopy, along with the original and one copy of the Vendor's Invoice, to the Auditor's Office for a Matched Payment.

Vendors have been instructed to send their invoice, bill or statement, with the purchase order number, directly to the state agency they have conducted business with. An original invoice plus a photocopy is requested. The date received is to be stamped on the vendor's invoice, bill, or statement. The State Invoice Voucher Form is only required for Public Works purchase orders.

If a sufficient balance remains on the purchase order, then the Matched Payment is entered into the State Accounting System. The vendor invoice number is entered as the Matched Payment document number. When an order is completed by filing the orange receiver, any remaining purchase order balance is also liquidated, or cancelled. The four digit control number and date are stamped on the receiving report and its copy. The original receiving report and vendor invoice are stapled together and filed at the Auditor of State's Office. The copies of the receiving report and vendor invoice are stapled together and returned to the agency with the Warrant Distribution Report. The warrant is mailed by the Auditor of State. Purchase order payments are listed on the Warrant Distribution Report under the pay entity code CIVP.

Upon receiving the Warrant Distribution Report and the document copies, the agency compares the documents to the report to determine that: 1) Copies of the agency receiving report and vendor invoice were returned to the agency for each payment recorded; and 2) Transactions were posted correctly as to the fund/object/center, amount and vendor number. Also, enter the invoice number, from the Warrant Distribution Report, at the top of the returned receiving report copy. File the paid copy of the Matched Payment documents with the purchase order, if possible.

Receiving and Acceptance

The State Procurement Manual, issued by the Department of Administration, presents instructions for receiving and accepting products or commodities. The Inspectors and Contract Compliance Section of the Procurement Division should be contacted if a shipment is rejected, or later found to be damaged, or otherwise does not comply with the Purchase Order specifications. A good faith dispute should be sent to the Auditor's office.

Some agencies have received State Board of Accounts approval of an internal receiving report, which is used in place of the orange receiver at the delivery site. The internal receiving report is used to complete the orange receiver.

Shipping receipts, packing slips, or other information furnished by the vendor should be submitted to the agency accounting department with the receiving report. This is retained with the agency purchase order or payment file.

The date the items are actually received must be posted to the orange receiver and any internal receiving report.

Agency Approval Procedures

To approve the Matched Payment, the agency may compare the shipping receipt, work order, or packing slip to the items and quantities listed on the agency receiving report. Also, compare to an internal agency receiving report if used. For partial payments, compare the receiving report to previous and pending payments. Match the receiving report to the agency purchase order copy. Quantities in excess of $500.00 over the quantities shown on the purchase order require an Advice of Change.

REPORT OF PARTIAL DELIVERY

Purpose and Basis

The Report of Partial Delivery, State Form 12537, is the agency's receiving report used to authorize a Matched Payment and retain the remaining purchase order balance. The report is commonly used for monthly matched payments of lease and maintenance agreements. It may also be used to process any partial payment of the purchase order for delivered goods or services. Upon receipt of the final delivery on a purchase order, or the final month of an annual purchase order, the orange receiving purchase order copy must be completed. Attach all orange copy continuation pages.

The basis for completing the report may include (but is not limited to): an accounts payable, or tickler file, for fixed monthly contract payments, internal agency receiving reports, and vendor shipping receipts or invoices. If an agency receiving report is based in part on information received from the vendor, then the agency should verify its accuracy and also verify that a payment has not already been processed.

Procedures may include:

- Compare the rates and total charges to the contract or purchase order.

- Compare the vendor work order, invoice or bill to pending payments and previous payments processed.

- Check math accuracy.

Retain a copy of all information furnished by the vendor in the purchase order file.

Instructions for Form Completion

The agency copy of the purchase order is the source for much of the form information. Complete the top portion of the form as shown on the purchase order, except for the page numbers. Determine the number for this partial delivery report by reviewing the record of partial payments on the purchase order. Enter in the box at the top left, which states "This is the _____ partial delivery reported on this order." Enter the article and description, and unit price, as listed on the purchase order or contract, the 1099 code and correct federal ID number. The article and description section of the report provides the itemization required to approve payment. Include the date received or month for which the charges apply. Enter the item count as the quantity received, or the time period for fixed monthly payments. Calculate and enter the amount for each line item received, and total the amount column. Additional pages of the Report of Partial Delivery form may be used. Enter the total of the payment on the last page.

The Report of Partial Delivery must be certified by the employee who received, checked, and counted the order, or who determined that the service was performed.

Next, apply agency procedures to approve payments. For partial payments, this should include comparing the partial report to previous and pending payments. The authorized signature for the agency must be on file at the Auditor of State's Office. A signature stamp may be used.

Make two copies of the approved Report of Partial Delivery. Submit the original (green) report and one photocopy along with the invoice from vendor to the Auditor of State for a Matched Payment. Retain one photocopy labeled as pending in the agency purchase order file.

MATCHED ESCROW PAYMENT

Department of Transportation and Public Works contracts may require a percentage of each progress payment to be issued to an escrow agent. The warrant is payable to the named financial institution for deposit to the escrow account. Each escrow payment also has a vendor contract payment issued simultaneously for the balance of the progress payment due.

The document reference for a matched escrow payment is recorded as: MXXXXXXE##.

M - indicates a Matched Payment.
XXXXXX - is the Transportation or Public Works Contract number.
E## - is the Escrow or Estimate Number.

The Matched Escrow Payment is an expenditure that reduces the encumbered purchase order balance. As for other Matched Payments, the warrant is mailed by the Auditor of State's Office. The warrant information is included on the Warrant Distribution Report printout. Entries to the expenditure and encumbrance objects are shown on the Agency Available Funds Activity Report for the fund/center.

MATCHED VENDOR CONTRACT PAYMENT

The vendor contract payment is issued to the vendor when matched to the encumbered contract specified in the document reference. The vendor contract payment may be issued simultaneous to an escrow payment. The final payment of an escrow contract is then paid as a vendor contract payment, without a matched "E" payment. Vendor contract payments are also issued for Department of Transportation contracts not requiring escrow.

The document reference for the vendor contract payment is recorded as: MXXXXXXP##.

M - indicates a Matched Payment.
XXXXXX - is the Transportation or Public Works Contract number.
P## - is the Payment Number.

The vendor contract payment is recorded as an expenditure with a corresponding entry that reduces the encumbered purchase order balance. As for other Matched Payments, the warrant is mailed by the Auditor of State's Office. The warrant information is included on the Warrant Distribution Report printout. Entries to the expenditure and encumbrance objects are shown on the Agency Available Funds Activity report for the fund/center.

PRIOR YEAR CENTERS

For centers with assigned control codes of 3 or 5, the state accounting system uses prior year centers to account for purchase orders issued in prior fiscal years. A prior year center has a one as the last digit of the center number, instead of a zero. Otherwise, the fund/center remains unchanged for the purchase order.

Transactions are reported and summarized separately for prior year centers. Each prior year center has an Agency Available Funds Activity Report issued when transactions are posted. Prior year center activity is then summarized on the Agency Appropriation and Allotment Trial Balance. Prior year centers also receive Agency Object Trial Balance and Agency Unliquidated Obligations reports each month.

The use of a prior year center does not affect the payment processing procedures utilized by the agency. The state accounting system automatically associates the purchase order to the prior year center when applicable.

AGENCY AVAILABLE FUNDS ACTIVITY REPORT

Matched Payment

For each Matched Payment transaction, two entries are shown on the Agency Available Funds Activity report for the fund/center. The Matched Payment is shown as an increase to an expenditure object. A simultaneous entry is also made to reduce the encumbrance for the purchase order. The purchase order reduction is the amount liquidated. When an order is completed by processing the orange receiver copy, the amount liquidated reduces the purchase order balance to zero.

Amounts liquidated but not expended, effectively increase the available allotment balance, unless the purchase order is now associated to a prior year center. Available allotment balances are shown on the Agency Appropriation and Allotment Trial Balance report.

INDIANA AUDITOR OF STATE

REPORT ID : GM-AGAFDX AGENCY AVAILABLE FUNDS ACTIVITY PAGE 1

RUN DATE 12/31/1999 02:53:11 12/01/1999 THRU 12/31/1999

AGENCY 300 NATURAL RESOURCES, DEPT. OF FUND CENTER 1000 375330 VARIOUS RESERVOIR INFRASTRUCTUR6300300

EFF DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	WN. REF.#	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES
12/01/1999	PR991201	*OK3005757	PR1G	510101			.00	1,450.00	.00
12/01/1999	B-999WC01500	*OLA000430	AP01	512000		016418078	.00	245.70	.00
12/01/1999	PR991201	*OK3005863	PR2A	515001			.00	110.92	.00
12/15/1999	PR991215	*OLN004645	PR1G	510101			.00	2,095.00	.00
12/15/1999	PR991215	*OLN004750	PR2A	515001			.00	157.21	.00
12/29/1999	PR991229	*OL1005367	PR1G	510101			.00	2,150.00	.00
12/29/1999	B-999WC01500	*OL2000442	AP01	512000		016454403	.00	571.52	.00
12/29/1999	PR991229	*OL1005475	PR2A	515001			.00	164.48	.00
				POINT TOTAL			.00	6,944.83	.00
12/15/1999	C-7148	*OL0000658	AP01	537000	99750318	016435750	.00	22,522.40	.00
12/15/1999	C-7148	*OL0000985	AP02	837000	99750318	51750261	.00	.00	22,522.40-
12/27/1999	B-C300000679	*OL0000497	AP01	534600		016448502	.00	2,860.00	.00
12/29/1999	C-4	*OL2000629	AP01	537000	00750198	000565928	.00	13,454.40	.00
12/29/1999	C-4	*OL0000899	AP02	837000	00750198	51905399	.00	.00	13,454.40-
				POINT TOTAL			.00	38,836.80	35,976.80-
12/27/1999	O-00750344	*OL0003978	PS02	860200	00750344		.00	.00	142,865.00
				POINT TOTAL			.00	.00	142,865.00
				CENTER TOTAL			.00	45,781.63	106,888.20

UNLIQUIDATED OBLIGATIONS REPORT

An Unliquidated Obligations report is issued monthly on Alchemy for each fund/center with an encumbrance balance or activity during the fiscal year.

The purchase order activity is automatically reflected on the monthly Agency Unliquidated Obligations Report as an increase in the payments to date and decrease to the remaining purchase order balance. This report is a useful source of each purchase order balance as of the report date, as well as the last activity date for each purchase order. Agencies should review this report monthly. If a purchase order is no longer needed, the agency should notify the Auditor's office. The Agency Available Funds Activity Report for the last activity date may be reviewed for further information.

An example of an Agency Unliquidated Obligations report for a prior year center is shown on the next page.

REPORT ID : GL-AGUNLQ
RUN DATE 12/31/1999 03:02:32

INDIANA AUDITOR OF STATE
AGENCY UNLIQUIDATED OBLIGATIONS
AS OF 12/31/1999

PAGE 1

AGENCY 080 ACCOUNTS, BOARD OF

FUND CENTER 1000 100801 BD OF ACCOUNTS-FIELD EXAM -P/Y3080080

POINT	PO NUMBER	LINE	OBJECT	FIRST ACT	LAST ACT	PO AMOUNT	PYMTS. TO DATE	PO BALANCE
3	98652220	0001	837800	09/30/97	09/30/97	2,940.00	.00	2,940.00
3	99670832	0001	837800	07/15/98	05/11/99	1,100.75	917.30	183.45
			POINT TOTAL			4,040.75	917.30	3,123.45
5	97606521	0001	850300	03/27/97	03/27/97	520.00	.00	520.00
5	99673764	0001	850300	06/09/99	06/09/99	4,180.00	.00	4,180.00
			POINT TOTAL			4,700.00	.00	4,700.00
			CENTER TOTAL			8,740.75	917.30	7,823.45

USE OF CLAIM VOUCHERS

In cases where a purchase order or an encumbrance are not required, the claim voucher payment method is used. It is the primary form used to process disbursements for major categories two and seven and for refunds of revenue. Claim vouchers are used to process all non-vendor payments (other than payroll, SDO, or travel). Claim vouchers are also used to pay for goods or services which were not ordered through the Department of Administration, or for which there is no written state contract. Written contracts with vendors usually require a purchase order to record the commitment for goods or services to be provided to the State. These are then paid by Matched Payment.

A separate claim voucher is usually required for each payee claim. The expenses must be recorded to one fund/center and major expense category, but may be divided between objects within the same category (point). The claim voucher contains payee information of vendor number, name and address, fund/object/center entries, date, description or reference, tax code, and the agency certification. Vendor claims also require an original, itemized vendor invoice or statement.

The voucher abstract form is used to transmit claims to the Auditor of State for payment. Claim vouchers are batched by fund/center and major category and are summarized on the Voucher Abstract form.

In some cases, the claim voucher and voucher abstract are used to certify batch payment requests submitted by an agency on a list or printout, or on a computer disk or tape. The majority of these payments are for refunds of revenue or point seven expenditures. Most refunds of revenue and expenditure object category seven (7) expenses do not require individual payee claims to be filed. This particularly applies to payments or distributions specified by state law, or for federal programs managed. Agency records document the basis and calculation of the payments. Records of payments made to each payee or contract may also be required.

Steps involved in the use of claim vouchers are summarized as follows:

- The agency verifies the vendor number record is on file for the correct vendor name and address. Form W-9 is obtained for adds or changes. Note: Some non-1099 payments, other than grants or distributions to local units of government, can be processed as high volume without a vendor number.

- The agency determines the two digit 1099 code.

- The agency must maintain records which document the receipt and acceptance of goods or services, as applicable.

- Claims, sorted and batched by fund/center and major expense category, are summarized on a Voucher Abstract.

- The Budget Agency must approve voucher abstracts for point one expense claims above $25,000.

- Warrants issued are returned to the agency. The agency verifies the warrants to their documents or records prior to mailing them.

- For contract payments, the agency must record payment history and monitor the total amount paid.

The various options for processing claim payments are presented in the next section. This is followed by: the claim voucher process, instructions for completing a claim voucher form, determining the 1099 code, agency approval procedures, other approvals required, and the voucher abstract form instructions.

OPTIONS FOR PROCESSING CLAIM PAYMENTS

The options for processing claim payments include:

- Submission of Payee Claim
- Submission of Agency Report, Listing, or Schedule
- Payment from Personal Computer Disk
  - Vendor File Payment Program
  - Schedule Payment Program
  - AUDCLAIM
  - HVAUDCLAIM
- High Volume Magnetic Tape or Cartridge
- Accounts Payable Batch, Tape Pay Entity

A summary of the various options for processing claim payments is provided below. Chapter 14 provides instructions for the personal computer disk programs and summarizes the documents and reports for tape payments. Payments from an agency's computer tape or cartridge must be arranged with the Auditor of State's Office.

Regardless of the processing option used, the warrants issued are returned to the agency with a copy of the processed voucher abstract form. With the exception of high volume transactions, the warrants issued have a stub for payee information and are listed on the Warrant Distribution Report. A Warrant Register is issued on Alchemy for each disk batch, including high volume. The agency copy is in alphabetical order by payee name and provides the payee address, fund/object/center, amount, warrant number, and batch sequence number. For tape batches, an agency may receive warrant registers, in numeric or alphabetical order, or tapes of warrant information.

Submission of Payee Claim

Individual claim vouchers submitted for each vendor or payee are batched for each fund/center and major expense category. Each payee must have a vendor number entered in the Auditor's vendor file. To add the vendor or change the address a form W-9 must be submitted with the claim. Statements, bills, or invoices must be submitted with a vendor claim. For contract payments, attach a copy of the signature page and executive document summary or the first page of the contract in place of the payee signature. For monthly telephone bills, the summary page is all that needs to be submitted. Agencies must keep the detail in their office for audit purposes.

Each claim transaction is listed on the Warrant Distribution Report and the Agency Available Funds Activity Report. The document reference of C # is that assigned by the agency.

Submission of Agency Report, Listing, or Schedule

The agency prepares one claim voucher for the total amount of the batch submitted with reference made to an attached listing or printout of payees. This procedure can be used when individual signatures are not required, as applicable for most refunds of revenue or expenditure object category seven (7) expenses. The batch must consist of the same fund/center and major expense category. The agency listing includes the same information as given on claim vouchers, including the payee identification numbers. Claim numbers are assigned by the agency to each payee listed. Each transaction is listed on the Warrant Distribution Report and the Agency Available Funds Activity Report.

The format of any agency report, listing, or schedule used must be approved by the State Board of Accounts prior to its use. Whenever possible, the agency should use the personal computer Vendor File Payment program developed by the Auditor's Office in place of this payment method.

Payment From Personal Computer Disk - Vendor File Payment Program

The agency enters claims on a personal computer using the Auditor of State Vendor File Payment Program. The disk may contain entries for various agency fund/centers with the same major expense category. Payee identification numbers are required. Supporting documents are submitted with the disk, printout, and cover sheet for Auditor of State pre-audit. The same requirements for vendor claim, signatures, and other agency approvals apply whether filed manually or using this program. The program is used to process either 1099 reportable or non-reportable claims, travel vouchers, land acquisition claims, or non-1099 reportable SDO reimbursement vouchers.

In place of a "C" number for claims processed on this disk program, the disk batch and record number becomes the document reference. The Agency Available Funds Activity Report references the disk batch and provides the object detail posted for each record. For each warrant issued, the total amount is given on the Warrant Distribution printout with the complete document reference of batch and record number. The agency also receives a Warrant Register issued on Alchemy.

Payment From Personal Computer Disk - Schedule Payment Program

The Schedule Payment Program can be used for processing non-1099 refunds of revenue or point two expenses. Point seven payments, other than grants or distributions, may also be paid in this manner. The State Board of Accounts requires use of vendor numbers for all grants or distributions to local governmental units, and thus prohibits the use of the Schedule Payment Program for these payments. All payments entered on this program must be non-1099 reportable.

The disk batch can include entries for various agency fund/centers. Each payment record is limited to one object entry and separate batches are required for refunds of revenue and each major expense category (point). The disk, printout, and cover sheet are submitted with one approved claim voucher for the batch total. For point two, supporting claims or utility statements must also be submitted. For refunds of revenue or point seven, the agency retains the supporting documentation. The batch name and record number must be entered on the supporting document whether or not it is required to be submitted.

The document reference for the schedule program disk batch is assigned by the Auditor's system as HV###IIDDD, where: HV indicates the high volume warrant processing system; ### is the agency number; II is the assigned batch identifier number; and DDD is the Julian date processed. An additional six digits references each disk record number.

The batch total posted to each fund/object/center is shown on Agency Available Funds Activity Reports or Agency Revenue Activity Reports for refunds of revenue. These transactions are not included on the Warrant Distribution Report but are listed on the Warrant Register issued on Alchemy for the batch.

High Volume Magnetic Tape or Cartridge

This payment method can be used to process non-1099 reportable refunds of revenue or point seven expenses. The high volume magnetic tape or cartridge is generated from the agency's computer system with payment information provided in the format required by the Auditor of State. An accurate payee identification number should be provided whenever possible. The batch can contain payments for various agency fund/centers. For each payment, however, only one fund/object/center entry is made. An approved claim voucher for the batch total is submitted with the tape. Supporting documents are retained at the agency.

Upon agency request, a tape is produced and returned with the warrants. The returned tape includes the warrant number, warrant date, amount, payee name, and document reference, including sequence numbers.

For each high volume batch, fund/object/center entries are summarized on the Agency Available Funds Activity Report, or the Agency Revenue Activity Report for refunds of revenue. HV transactions are not included on the Warrant Distribution Report but are listed on a Warrant Register upon agency request. The register provides warrant detail and the tape sequence number for each payment. It can be issued in numeric order or in alphabetical order by payee name.

Use of High Volume Magnetic Tape payment method must be arranged with the Auditor's Office.

Accounts Payable Batch - Tape Pay Entity

This payment method can be used when individual claims are not required to be submitted and payee identification numbers are recorded in the Auditor's vendor file. This method can be used to process grants and distributions to local governments as well as other point seven payments.

The agency sends or delivers the magnetic tape, in the format designated by the Auditor's Office, with a claim voucher for the batch total. Payees must have an identification number recorded in the Auditor's vendor file. Source documents or files are retained at the agency. The tape batch may contain entries for various agency fund/centers. Multiple object entries may be recorded for each payment.

Upon agency request, a tape is produced and returned with the warrants. The returned tape includes the warrant number, the warrant date, the amount, the payee's name, and the fund/object/center.

The batch document reference is the agency number, followed by the agency assigned system identifier and the Julian date. Detail transactions are identified by the tape sequence number.

For each tape batch, the fund/object/center entries are summarized on the Agency Available Funds Activity Report. The total amount of each warrant issued is provided on the Warrant Distribution Report. Warrant Registers may also be provided for the batch.

CLAIM VOUCHER PROCESS

The agency first determines that a claim payment is due. For vendor claims, the process usually begins when an itemized invoice, bill, or statement is received for goods or services not requiring a purchase order. Agencies may require staff to indicate that the goods or services were received. For contract payments, the agency must monitor the total amount paid and determine compliance with applicable contract provisions. Other types of claim payments are established from agency records which contain determinations or another basis for the claim payment.

After determining that the claim payment is due, use the following process to pay the claim.

1. Complete the claim voucher form. Classify the expense as to fund/object/ center. The payment must be recorded to one fund/center and major expense category. Specify amounts to be recorded to detail objects within the category.

2. Determine the 1099 reporting code. Claim vouchers must contain the two digit 1099 code(s). The code NO indicates the entry is not 1099 reportable. Each line on the claim may have a different 1099 code. The same claim may have expenses classified as 1099 reportable and non-reportable. To be considered reportable, both the payee type and transaction type must qualify.

3. Verify, or determine the vendor number, including the location code. Review the online vendor file or microfiche. Determine that the name and address are correct for the payee. If a vendor number is not listed for the payee, or the address is incorrect, then have the vendor submit a signed form W-9. Submit any required forms W-9 with the claims.

4. Apply Agency Approval Procedures. Approve the claim by authorized agency signature or signature stamp.

5. Batch claims by fund/center and major expense category. Warrants are issued in vendor number order for each voucher abstract batch. Within each batch, sort claims by vendor number, to have the voucher abstract list and claim number order match the warrant number order.

6. Assign claim document numbers from a consecutive, numeric series, as C###XXXXXX; where, C indicates claim payment, ### is the agency number, and XXXXXX is the document number. The agency can maintain different series of claim numbers to correspond to agency files.

7. Complete a voucher abstract form for the batch.

8. Make one copy of the claim vouchers and vendor statements, invoices, or bills. Be sure that claim numbers were assigned and the claim is approved prior to photocopying. Make two copies of the voucher abstract.

   Place the original claims in document number order, with original vendor invoices or bills behind each. Put the original and one copy of the voucher abstract on top of the batch. Organize a photocopy batch in the same manner.

9. Post the batch total to the document control register for the fund/center and other pertinent agency records.

10. Submit the original voucher abstract batch as follows:

    Submit point one batches to the Budget Agency.*

    Submit point three, four, or five batches to the Department of Administration unless not required under the agency's approved Procurement Streamlining Plan.*

    Submit all other batches directly to the Auditor of State.

    *Note: If contract signature page(s) are submitted for all claims in the batch or if total contract amount does not exceed $25,000 then forward directly to the Auditor of State's Office.

    [Also see the section for Claims Requiring Other Agency Approvals.]

11. Retain the batch photocopy in an agency pending file.

<u>CLAIM VOUCHER FORM INSTRUCTIONS</u>

Complete the Claim Voucher legibly in ink, or type. Follow the claim voucher process specified in the preceding section. The numbers here correspond to the numbers on the first claim example.

1. Vendor Information

   The document number and date assigned are placed on the first line of this section. The agency assigns the document number after approving the payment and sorting the voucher abstract batch. Do not photocopy the claim until it has been approved and the document number is assigned.

   Four lines are provided for vendor information. Each line may have up to thirty characters. Complete using the vendor standards of: capital letters, no abbreviations, ampersands or periods, and last names first and individual payees. See the appendix to this manual for the complete vendor standards issued by the Auditor of State.

2. Agency Information

   Enter the agency name, the three digit agency number, and the vendor's social security number, or federal identification number, preceded by a zero. Also, enter the two digit group code to identify the exact vendor location for payment. Verify, or obtain the complete vendor number by online inquiry to the Auditor's vendor file or by reviewing the vendor microfiche supplied monthly by the Auditor's Office. Also enter the name and phone number of the person that prepared the claim voucher in the box in the top right corner.

3. Date

   Enter the date of the transaction, or the month and year to which the payment applies.

4. Amount

   Enter the total amount of the object for each line. Omit dollar signs.

5. Fund

Enter the four digit fund number on each line which has an object amount listed. The claim voucher must be recorded to one fund/center.

6. Object

Enter the six digit object number for each line. The objects must have the same major expense category. For example, the claim cannot have an entry to object 530100 with 540100.

7. Center

Enter the six digit center number on each line which has an object amount listed. The claim voucher must be recorded to one fund/center.

8. Loan/Inv/Nbr

This box only applies to investment purchases or deposits, or loans issued.

9. Qty and Unit

Enter the quantity and unit price when necessary to fully itemize the claim. These are not required when an itemization or statement is attached and referenced in the description column.

10. Description

More than one line can be used to enter an item or payment description. Include necessary references, as applicable: vendor invoice number; contract number; agency file or record number; program name.

11. Gross Amount

This is the total amount of the claim voucher. It must equal the sum of the amount column. The warrant is issued for this amount.

12. Furnished To: (Name of State Agency)

Enter the agency or department name which goods or services were furnished to, if applicable.

13. Authorized Signature of State Agency

The claim is certified and approved for payment by the authorized agency official's signature or signature stamp. The signature must be on file at the Auditor of State's Office.

14. Signature of Vendor

Vendor’s signature is required only when there is not an itemized invoice being submitted for payment.

Name of agency personnel who prepared this claim.	
Name:	**Phone:**

CLAIM -- VOUCHER

State Form 11294 (R 4/1-96)

Approved by State Board of Accounts, 1996.

INSTRUCTIONS: This agency is requesting disclosure of your Social Security Number in accordance with I.C. 4-1-8

VENDOR INFORMATION (1)		AGENCY INFORMATION (2)	
Document Number	Date (Month, Day, Year)	Agency Name	
Vendor Name		Agency Number	
Address (Number, Street)		**Social Security Number**	1099 CODE
Address (P. O Box Number)		**Federal I. D. Number**	1099 CODE
City, State, and ZIP Code (00000-0000)		**Vendor Number**	

AREA BELOW TO BE COMPLETED BY AGENCY.

DATE	AMOUNT	FUND	OBJECT	CENTER	LOAN/INV/NBR	QTY.	UNIT	DESCRIPTION
3	4	5	6	7	8	9	9	10

GROSS AMOUNT $ (11)	Furnished to: (Name of State Agency) (12)
I certify that this claim is correct and valid and is a proper charge against the State Agency, Fund, and Center indicated.	
Authorized Signature of State Agency (13)	Date (Month, Day, Year)
Pursuant to the provisions and penalties of Indiana Code 5-1-11-10-1, I hereby certify that the foregoing Fund and Center is just and correct, that the amount claimed is legally due, after allowing all just credits, and that no part of the same has been paid.	
Signature of Vendor (14)	**Date (Month, Day, Year)**

CLAIMS REQUIRING OTHER AGENCY APPROVALS

Claim vouchers for the following objects require additional approvals of other agencies:

Object	Description	Approval Required
512000	Workmens Compensation Pay	Wassau (Third Party Administrator)
519800	Personal Services - Payee with Federal Identification Number	Budget Agency when above $25,000
519900	Personal Services - Payee with Social Security Number	Budget Agency when above $25,000
539100	Work Shops	Budget Agency, Department of Administration when above $25,000
539900	Contractual Services Not Otherwise Classified	Budget Agency, Department of Administration when above $25,000
560100	Assoc. Code - Land	Complete all Specified on Land Claim Voucher
572000	Medical/Hospital - Compensation Cases	Wassau (Third Party Administrator)

All claims for expense categories three, four, and five require the approval of the Department of Administration, unless the agency is specifically exempted from IC 4-13.4 or is not required to under the agency's approved Procurement Streamlining Plan. Claim vouchers submitted for objects 539100 and 539900 must be sent to the Budget Agency for approval before submission to the Department of Administration.

Those items requiring Budget Agency approval were to have been approved prior to entering into agreements with vendors [P.L. 273-1999, Section 27]. If the Budget Agency has specifically approved a letter request, then subsequently attach a copy of the letter with the claim submitted to the Budget Agency. If a contract payment, then submit a copy of the signature page, as signed by the Budget Agency, with the claim.

The Budget Agency requires that agencies submit itemized budgets for workshops, seminars, or conferences to be held or sponsored. Claim vouchers for object 539100 are then submitted with a copy of the approved memo, which itemized all expenditures required for the workshop or seminar, such as: lodging, food, audio visual expenses, honorariums, etc.

Also see IC 4-13-2-14.1 and 14.2 for written contract requirements.

P.L. 273-1999, Section 27 (1999 Appropriation Act) "A contract or agreement for personal services or other services may not be entered into by any agency or department of state government without the approval of the budget agency or the designee of the budget director. Each demand for payment submitted by the agency or department to the auditor of state by claim voucher under such contracts or agreements shall be accompanied by a copy of the budget agency approval, or approval of any agency to whom the budget agency delegated signature authority, and no payment shall be made by the auditor of state without such approval. This SECTION does not apply to any contract entered into by an agency or department of state government which is the result of a public works contract under IC 4-13.6."

AGENCY APPROVAL PROCEDURES

Agency approval procedures are those necessary to determine a correct, valid, and proper charge in order to certify the claim voucher. An authorized agency official must certify that the claim voucher is correct, valid, and a proper charge against the state agency, fund and center indicated. The official may designate a responsible employee to perform this function and certify the claims with a signature stamp. Apply the following procedures to approve and certify claim vouchers.

1. Require the original, completed claim voucher, with original invoices, bills, or statements for vendor claims. Stamp the vendors' invoices, bills, or statements with the date they were received.

2. Review supporting documents or records for the claim. Compare claim to supporting documentation or basis for payment. Determine that claim amount equals the amount given on the supporting documents or records. Determine that any references to agency records, such as contract or file numbers, are listed on the claim as necessary.

3. Determine that the claim is fully itemized. Information necessary to sufficiently itemize claims varies from listing the program name and period for a grant distribution, to providing unit cost or rates, quantity, item description and dates for each item or service received. The State claim voucher may refer to an attached vendor invoice for this detail. If the vendor invoice further references vendor-issued documents, such as: work orders, shipping receipts, schedules, accounts, or order numbers, these must also be attached.

   Approve only the current portion of the vendor invoice. Prior balances require the prior itemized statement. Usually, these prior balances have already been submitted for payments.

4. Determine that the cost is reasonable and necessary for the agency and fund/center. It must also be allowable under state law and net of all applicable credits. Credits are associated expense reductions, such as: returns, exchanges, purchase discounts, rebates, and adjustments of overpayments or erroneous charges.

5. Determine that all necessary control procedures have been applied to each claim. The agency must apply control procedures to ensure properly authorized and accurate transactions. The following basic expenditure payment procedures should be performed by the agency. These are not inclusive of all procedures an agency may require, particularly those specific to statutory or program payments.

   Basic Expenditure Payment Procedures:

   - Check math accuracy.
   - Determine receipt, quality acceptance of goods or services.
   - Compare rates, total charge to terms of the contract or agreement.
   - Compare vendor claim to previous payment documents processed to determine payment is not pending.
   - Check record of total payments to the maximum amount authorized.
   - Verify the vendor number is correct and complete, including location code.
   - Determine the claim is net of all applicable credits.
   - Determine that the expenditure is reasonable and necessary for the agency and is a proper charge to a specific fund or fund/object/center.

RECOMMENDED CONTROLS FOR CLAIM PAYMENTS

Blank claim vouchers are never to be signed prior to the preparation of the claim voucher. Signature stamps for those authorized to certify claims or approve matched payments should be safeguarded. Do not photocopy claim vouchers prior to preparing the voucher abstract batch, approving the claim, and assigning the document numbers.

Most agencies have sufficient staff to provide an adequate segregation of duties between preparing claims, authorizing claims, and verifying or handling warrants.

Warrants should be verified and mailed without allowing them to return to the staff who prepared claims or approved the transaction for payment. Verify warrants in a timely manner and retain in a secure manner until mailed.

AGENCY PROCESS UPON RECEIVING WARRANTS

The warrants issued for claim voucher payments are received by the agency with the completed voucher abstracts, a Warrant Distribution Report, and other documents processed that day. Prior to distributing the warrants, determine that all required warrants and documents processed were received, and verify that warrants are accurate.

To determine required documents were received, follow the procedures given in the section for the Warrant Distribution Report.

To verify that warrants issued for claim voucher payments are accurate, compare them to the agency copy of the claim vouchers. It is important to verify that the warrants were issued to the correct payee name, address, and for the correct amount. The claim voucher provides the record of this information. Verify warrants for the entire abstract batch prior to mailing or distributing them. If individual claim vouchers were not prepared, then compare the warrants to the agency report submitted or other source documents. Place a checkmark or initials on the claim voucher, report, or other source documents to indicate the warrant was verified as accurate. The agency may require staff to certify that warrants were received and verified to agency copies of source documents prior to mailing.

Attach the processed voucher abstract form, as returned by the Auditor with the control number and date entered, to the agency copy of claims for the batch. The Agency Available Funds Activity Report will be received approximately two days after warrants are issued. After the reported expenditures are verified, file the batch numerically by the claim number series.

See the Error Handling Process section for steps to follow when the warrant is issued to an incorrect name, amount, address, or when the fund/ object/center or document reference was incorrectly recorded.

LATE PAYMENT PENALTY

Indiana Code 5-17-5 requires every state agency to pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency or political subdivision fails to make timely payment. Except for certain exceptions, payment is timely if a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of goods and services or receipt of a properly completed claim.

Exceptions include:

(1) Interagency or intergovernmental transactions.
(2) Amounts payable to employees or prospective employees of state agencies.
(3) Claims subject to a good faith dispute, if before the date of timely payment notice of the dispute is sent by certified mail, personally delivered; or sent in accordance with the procedure in the contract.
(4) Contracts entered into before September 1, 1983.
(5) Certain contracts related to highway or road construction, reconstruction, or maintenance.
(6) Claims, contracts, or projects that are to be paid for exclusively with federal funds.

Good faith dispute means a contention by the state that goods delivered or services rendered were of less quantity or quality than ordered or specified by contract, faulty, were installed improperly, or any other reason giving cause for the withholding of payment by the state until such dispute is settled.

The Auditor of State is required to pay a late payment penalty on behalf of any state agency required to pay late payment penalties under this statute. The Auditor is to pay the penalties from funds designated for administrative costs of the agency. The Auditor is to prepare a list that identifies each state agency that has paid, or on whose behalf the Auditor of State has paid, a late payment penalty under this statute and the sum paid by the agency or by the Auditor of State on behalf of the agency during the preceding year. The Auditor shall submit the list to the Governor; and the Budget Agency before August 1 of each year.

For the Auditor to properly calculate the late payment penalty or not pay it when there is a good faith dispute, state agencies must complete the Invoice Information section of the orange copy of the purchase order. The vendor's invoice, bill, or statements are to be stamped with the date received. The orange copy of the purchase order (receiving copy) is to be dated the date the items are actually received.

VENDOR FILE

A vendor file is maintained as part of the state accounting system. The vendor file includes vendor number records with associated names and addresses. This computer file is the source for the name and address printed on warrants issued for claims and matched payments. The Auditor of State uses the vendor's federal identification number, if any, or social security number as the vendor number. Local governmental units, such as counties and schools, have an assigned distribution number maintained in the vendor file. Dis-tribution numbers are used by some agencies as the vendor number for payments to local governmental units.

The vendor file provides a means to extract a record of payments to each individual, business, or governmental unit. This system is also used to issue IRS form 1099 reports when required.

For matched payments, no agency action is required pertaining to the vendor number. The Department of Administration obtains the vendor number for Auditor of State input and subsequent maintenance.

For claims and all other payment methods which use a vendor number, the agency must perform the following procedures:

- Determine that the payee name and address (location to receive payment) is recorded in the vendor file.

- Extract the vendor number, including the location code, or obtain the vendor number by requiring the vendor to complete form W-9.

- Subsequently, monitor the vendor address for changes. If the change has not been recorded on the vendor record, then file vendor address changes with form W-9.

It is very important to use the correct vendor number for payments. The Auditor of State provides many agencies online access to the vendor file. Microfiche listings are issued monthly for other agencies. These records can be searched using numeric or alphabetical order. To change the vendor file, or add new vendor information, the agency must submit a form W-9 signed by the vendor. This may be submitted prior to, or together with, the claim. Instructions and examples of inquiry screens, microfiche, and form W-9 are given following the explanation of the vendor and distribution numbers.

Vendor Number

The format for the vendor number is ten digits, followed by a two digit group code. The vendor number is the payee's social security number, or federal identification number, preceded by a zero. When a group code is used, a separate payee record is identified. In most cases, the vendor number with a group code has the same payee name, but a different address. However, some businesses have a different payee name and address for each group code listed. Thus, it is very important to verify that the correct vendor number, including location code, is listed on claims or payment reports.

Distribution Number

Agencies may use the distribution number to pay local governmental units with the approval of the Auditor of State's office. Use of the distribution number will result in an automated clearing house payment (ACH), if the unit had requested such payments from the Auditor of State.

Distribution numbers for payments to local government units are shown as DIST##XXXX. DIST indicates a distribution, followed by the county number, ##, and the unit number assigned by the Auditor of State, XXXX. County numbers, 1 to 92, are associated to an alphabetical list of Indiana counties. Counties have the unit number of 0000. Other government units, such as cities, towns, schools and townships, are assigned their own unit number. All units are identified by their county location.

For each distribution number, a payee name and address is maintained in the computer vendor file. A two digit alphanumeric field is also provided for a group code. For distribution numbers, the group code identifies specific programs administered by the Auditor of State or the Department of Education. Do not utilize these codes unless authorized.

Distribution numbers are included in the online vendor file inquiry or microfiche reports. The number can be found on the alphabetical vendor list under the unit name or in the numeric list if the county location is known.

Vendor Inquiry Through the ISD Network

Vendor inquiry can be done through the state's computer system. At the "State Map" screen enter CICSAUDP. The system recognizes this command as a request to get to the Auditor's production systems. You then enter your User ID and Password assigned by the Auditor's Office. Contact the Auditor's Office MIS Help Desk (3-3390) for your User ID, Password, and instructions.

Vendor Inquiry by Microfiche

Aside from searching online to find a vendor, there are two sets of monthly microfiche that can be used to check if a vendor is on file. One is in numerical order and the other alphabetical.

FORM W-9, TAXPAYER IDENTIFICATION NUMBER

Form W-9, Request for Taxpayer Identification Number and Certification, is used by the State of Indiana to obtain correct identification numbers and addresses. It is used for the vendor number, whether or not a tax form (1099) is to be issued.

Instruct the vendor to complete the address and identification number including location code where payment is to be remitted. The certification signature is required. Also, enter or request the vendor's phone number on the top of the form.

Use form W-9 to change vendor address or add new vendor information. Submit form W-9, signed by the vendor, to the Auditor of State's Office prior to, or together with, the claim for payment.

A blank form W-9 can be obtained through the Auditor's Office or on-line from the IRS web site, http://www.irs.ustreas.gov/prod/forms_pubs/formpub.html.

1099 TRANSACTIONS

Determining the 1099 Code

The State of Indiana, like businesses, is mandated by federal law to report certain types of payments to the Internal Revenue Service. A 1099 is a federal tax form used to report to the vendor and the Internal Revenue Service the total amount paid for each reportable classification. The Auditor of State issues the 1099 reports based upon coded entries from expenditure documents. Each agency must determine the 1099 reportability of claim voucher payments and special disbursing officer reimbursement vouchers.

Not all vendors or payees require a 1099 form. Also, not all monies paid to a vendor are 1099 reportable. All claim vouchers, however, must contain the two digit 1099 code(s). The code NO indicates the entry is not 1099 reportable. Each line on the claim may have a different 1099 code. The same claim may have expenses classified as 1099 reportable and non-reportable.

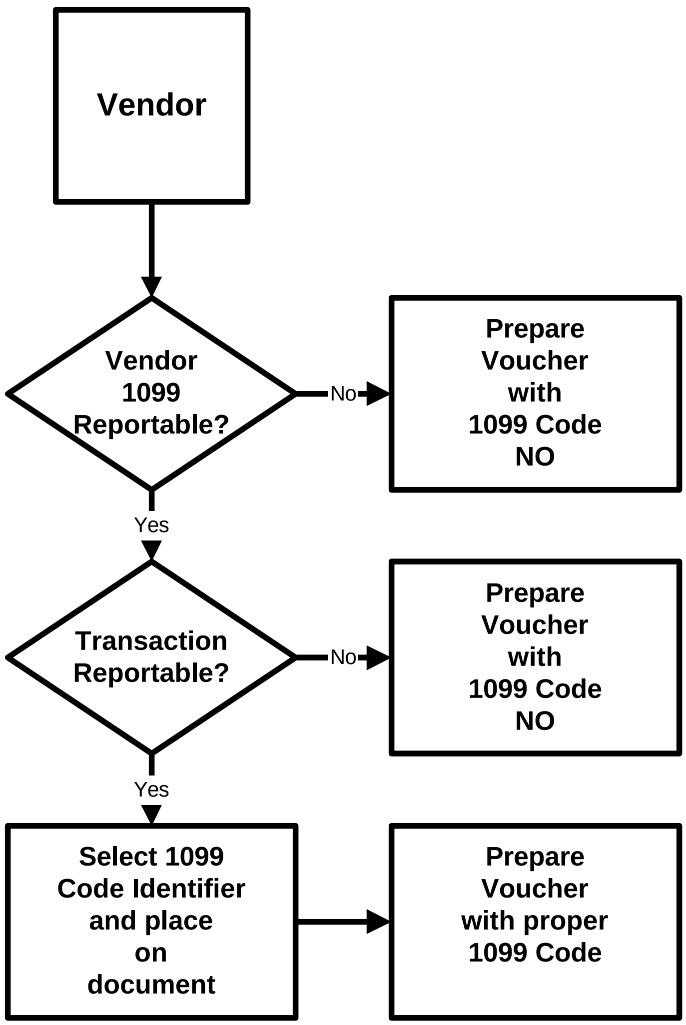
To require a 1099 report, two conditions must be met. First, determine that the type of vendor or payee requires a 1099 report. If so, then determine that the type of transaction requires a 1099 report. If both the type of vendor and transaction qualify for a 1099 report, determine the appropriate 1099 code. If either the type of vendor or type of transaction do not qualify then enter the code NO.

Enter the appropriate two digit 1099 code(s) in the box provided on the claim voucher.

A flowchart is provided on the next page which illustrates the process of determining 1099 reportability.

1099 FLOWCHART

How to determine if reporting is necessary:



Identifying 1099 Reportable Vendors

The following types of vendors are considered 1099 reportable: Individuals, Sole Proprietorships, Partnerships, Trusts, and Medical Corporations. Individuals and sole proprietorships use social security numbers as their vendor number. When a social security number is entered on the claim or W-9 form, the type of vendor is 1099 reportable. The only exceptions are payments to police informants, or to employees for reimbursable expenses. The types of 1099 reportable vendors are defined as follows:

1. Individuals - Persons who are residents or citizens of the United States or Puerto Rico.

2. Sole Proprietorship - A sole proprietorship is an unincorporated business owned entirely by an individual.

3. Partnership - A business or venture owned by two or more parties. The partners may be any combination of: individuals, corporations, trusts, estates, or other partnerships.

4. Trusts - These entities are clearly identified by the "trust" name.

5. Medical Corporation - An incorporated business primarily providing or supplying medical services. This includes, but is not limited to, incorporated doctors, nurses, and physical therapists. Example: John Doe M.D. Inc.

Identifying Non-1099 Reportable Vendors

Non-1099 reportable vendors include: Corporations, with the exception of Medical Corporations, Charitable Associations, Government Entities, Employees, Foreigners, or Informants. Examples and traits of the first four types of non-1099 reportable vendors is provided below.

1. Corporations - Corporations are usually identified by "Inc", for incorporated, at the end of the business name. Medical service corporations, however, are 1099 reportable.

   Examples: IBM, Inc.
   Beebob Construction Company, Inc.

2. Charitable Associations - An organization which supports humanitarian causes.

   Examples: The Help Center
   Salvation Army
   Red Cross
   United Way

3. Government Entities - Besides official governmental units, this designation extends to all component agencies, branches, departments, offices, and government owned or operated enterprises.

   Examples: Indianapolis Water Company
   Airport Authority
   Marion County Public Welfare

4. Employees - Workers who receive payroll compensation are of the payee type not requiring a 1099 report. An exception which requires 1099 reporting is when an employee receives other payments as a vendor which are not being paid through the payroll system. The only exception is for reimbursement to employees for expenses.

IDENTIFYING 1099 EXPENDITURES

Review the list of various types of 1099 forms to determine whether the type of transaction is reportable.

The following type of transactions are taken from the various types of 1099 forms.

Unemployment Compensation
State Income Tax Refunds
Local Income Tax Refunds
Agricultural Payments
  a. Subsidies
  b. Payments for confiscated animals or crops.
Medical Services
  a. Medical and Dental Services
  b. Hospitalization
  c. Medical Assistance Benefits
  d. All Payments to Medical Services Corporation
Prizes and Awards (Not compensation for services) - Consult Auditor's office for taxability.
  a. Premiums
  b. Awards
  c. Prizes
  d. Honoraria
Non-Employee Compensation for
  a. Occasional Salaries Payments
  b. Professional Services Payments
    - Advertising
    - Appraisal
    - Architectural
    - Auditing
    - Computer Programming
    - Consultant
    - Engineering
    - Legal
    - Program Administration
    - Other
  Maintenance and Repairs
    - Building
    - Computers
    - Grounds
    - Office Machines
    - Vehicles
    - Other Equipment

Law Enforcement and Court Services
- Court Reporters
- Court Appointed Workers
- Expert Witnesses
- Prison Labor Allowance
- Non-Employee Allowance

Other Service
- Advertisement
- Armored Car
- Cleaning
- Construction
- Keypunch
- Janitorial
- Laundry
- Messenger and Courier
- Printing
- Refuse Collection
- Security

Expense Allowance (Not itemized reimbursement)
- Elected Officials Expense
- Non-Employee Travel Expense
- Per Diems

Rent (Except paid to Real Estate Brokerages)
- Real Property
- Other Property

Interest (Except for tax-exempt obligations)
- Prompt Payment Related
- Paid as Financial Institution

Distributions from Retirement Plans

Acquisitions of Secured Property
- Acquisition by default, foreclosure, etc. on loan
- Abandonment of property securing loan

Transfer of Real Estate

Settlement Payments (paid to attorneys or legal firms when the legal service fee portion cannot be determined)

1099 Code Identifiers

A 1099 code identifier is two alphanumeric characters used to tie a specific type of 1099 transaction to an invoice line.

Below is the listing of the 1099 code indicators in the Auditor of State's DBS system. Examples of vendor transactions with the 1099 code and the reason for its use are given. Also see the Examples Table for additional examples of each 1099 code.

1099 Code Identifier	Description
GP	Unemployment Compensation State and Local Tax Refunds Agricultural Payments Taxable Grants
LA	Proceeds From Real Estate Sales Acquisition of Secured Property Transfers of Real Estate
MH	Medical and Health Care
NC	Nonemployee Compensation
NO	Not Reportable
PA	Prizes and Awards
RE	Rents
RP	Distributions From Pension, Annuities, Retirements, or Insurance Contracts.
SP	Settlement Payments - to attorneys and legal firms when legal service fee portion cannot be determined

Examples of 1099 Determinations

1. Hunter Company, Inc. provides engineering services for a new state prison and bills the state $12,026.

   Determination: Use the code NO, for non-reportable because the vendor is incorporated.

2. A state agency pays for nursing services provided for state patients by Mary Lynn Rudolph RN, Inc.

   Determination: Use the code MH, for medical and health care. Medical corporations are the only type of corporation which qualify for 1099 reports. The transaction type also qualifies.

3. Harding Automotive Company repairs a state-owned vehicle and bills an agency $2,250 for an engine and $1,500 labor, for a total claim of $3,750.

   Determination: The labor cost for this unincorporated business is considered 1099 reportable. Enter NC, for non-employee compensation, on the claim voucher for this line item. The cost of the engine may be considered non-1099 reportable. Enter the code NO next to this line item on the claim voucher.

4. The accounting firm of Johnson, Dungan, Hose, and Parton, Inc., provides consulting services to an agency for $23,000 annually.

   Determination: Use the code NO, for non-reportable because the vendor is incorporated.

5. The firm in the above example declares bankruptcy. The state agency retains Hose as the sole consultant. He bills the agency $8,000 for the first month.

   Determination: Use the code NC, for non-employee compensation because the vendor is not incorporated and services are reportable.

6. The Jacob Friend Counseling Center receives a nominal fee for services provided to state wards.

   Determination: As the Jacob Friend Counseling Center is a charitable association, use the code No for non-reportable.

7. Rob L. Land Company bills for solid waste containers provided to the state.

   Determination: Use the code NO, for non-reportable, because the type of transaction is non-reportable.

8. Duey, Chentun and Howe Legal Corporation receives a total settlement payment for their client and the legal services fee portion of the payment **cannot** be determined.

   Determination: Use the code SP for this payment because it is reportable under this code. If the legal services fee portion of the payment **can** be determined, then code that portion NC and the balance of the payment NO.

1099 EXAMPLES TABLE

1099 Expenditure Types	Examples	1099 Code Indicator
Unemployment Compensation	State of Indiana pays Joe Cup 200.00 a month for being laid off from the Leesville Dairy.	GP
State and Local Tax Refunds	Bob Jimes deducted taxes paid to State of Indiana on his federal tax return for 1996.	GP
	He receives a refund from the State of Indiana for 200.00.	GP
Agricultural Payments	State of Indiana pays Mike Hoot - Farmer for crop rotation.	GP
	State of Indiana confiscates Merrill Hole's sheep and pays Mr. Hole market value for the sheep at the time of confiscation.	GP
Medical Services	Dr. John Smith performs a minor surgical procedure on a state mental patient. He bills the state for his services.	MH
	A prisoner from the Putnamville Correctional Facility is hospitalized with an ear infection at Methodist Hospital.	
	The hospital bills the state for the prisoner's treatment.	MH
Prizes and Awards	Bob Beck wins 500.00 on the Hoosier Lottery.	
	The Lottery will send him a 1099 Misc.	PA
	The State of Indiana pays author Hugh Babcock for prison system reform.	PA
	Jerry Snow, an employee of the Dexter Corporation, receives an award from the State of Indiana for the top commission salesperson in the state.	PA
Nonemployee Compensation	A state agency pays the legal firm of Boy, Boy, and Girl, Girl for fees incurred in the defense of patient infringement suit.	NC
	A state agency pays a car body shop for the repair of one of its state vans.	NC
	The State of Indiana pays Dr. Whinney Label, an expert in forensic medicine for travel expenses incurred while traveling to court on behalf of the state.	NC
	The Treasurer of State pays Gary Whyme for transportation of money to Bank Two.	NC

1099 EXAMPLES TABLE
(Continued)

1099 Expenditure Types	Examples	1099 Code Indicator
Distribution From Retirement Plans	Phil Beckley quits his job with the State Police.	
	He requests the total amount in his PERF account be sent to him.	RP
Transfer of Real Estate	The State of Indiana buys Tom Yoyo's house to tear it down for new highway construction.	LA
	The city of North Vernon condemns the home of Mayor Stone and agrees to purchase it.	LA
Settlement Payments	Total settlement payments to attorneys, legal services partnerships, LLCs and corporations where the legal services fee **cannot** be determined.	SP

INSTRUCTIONS FOR COMPLETING THE VOUCHER ABSTRACT

The voucher abstract is used to transmit batches of claim or travel vouchers to the Auditor. Prepare a voucher abstract for each fund/center and major expense category (point) for which the agency has approved vouchers for payment. Complete the form legibly in ink or type.

(The numbers here correspond to the numbers on the first VA example.)

1. **Signatures for Approval**

   This box is for Administration and Budget use only, when such approval is required. If the document does not require it this space will be left blank.

   NOTE: If copies of prior approvals are included for all vouchers in the batch, then enter "see attached" in the appropriate box. For claims, prior approval may be a copy of the contract signature page. Out-of-state travel vouchers require Authorization forms.

2. **Document Numbers**

   Each agency is responsible for assigning document numbers to each claim or travel voucher attached to the abstract. The document number format is explained in the sections on completing the claim voucher and travel voucher.

   Assign numbers consecutively from the appropriate C or T sequence. Enter the document numbers for the first and last voucher attached to the abstract as the starting and ending numbers. If there is only one claim or travel voucher attached, the starting and ending number is the same.

   In the date box, enter the date the voucher abstract is prepared.

3. **Agency Fill In**

   a. **Fund/Object/Center**

      Enter the Fund/Object/Center for the voucher abstract entries. If this abstract contains more than one object, then write or type "see below" where the object would go.

      Example: 3000/see below/100500 (See the second VA example for this illustration.

   b. **Agency Name**

   c. **Agency Number**

   Enter the three digit agency number.

4. **Agency Leave Blank**

   Control Group Number

   The Auditor's Office will assign a four digit control group number to each voucher abstract. The control number is given on the duplicate abstract returned to the agency.

5. **Payee**

   List the name of each person or vendor as shown on each claim or travel voucher in the batch. List payees in document number order. Follow the vendor standards, such as: capital letters, last name first, etc...(see appendix for more vendor standards).

6. **Amount**

   Enter the total amount of each payee voucher. If more than one voucher is included on the abstract, then place a line under the last payee amount listed. Add the column and enter the grand total of the voucher abstract.

VOUCHER ABSTRACT -- FORM A-3
State Form 22933 (R 3/1-96)
Approved by State Board of Accounts, 1996.

AGENCY NOTICE: Use this form as a coverniing transmittal for vouchers chargeable.
Send two copies to the Auditor of the State of Indiana.

2 DOCUMENT NUMBERS
Starting Number
Ending Number
Date (Month, Day, Year)

SIGNATURES FOR APPROVAL 1	
Department of Administration Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)
Budget agency Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)

3 AGENCY FILL IN
Fund / Object / Center
Agency Name
Agency Number

4 AGENCY LEAVE BLANK
Control Group Number

PAYEE (Double space, use reverse side if necessary)	AMOUNT
5	6
TOTAL:	

WARRANT DISTRIBUTION REPORT

Description

The Warrant Distribution Report is the printout given to each agency with warrants and processed document copies. Use the Warrant Distribution Report to determine that all required documents have been received by the agency. Recommended procedures to determine this are given following the report example. The Warrant Distribution Report also contains information concerning warrants issued which is not provided on the Activity Reports, such as control numbers and payee vendor numbers.

The Warrant Distribution Report is produced from the accounts payable subsystem. Therefore, it does not include payroll warrants or warrants issued for high volume batches [HV]. Other reports are produced which list those warrants.

The Warrant Distribution Report is produced daily for each agency with activity. The report is issued in warrant number order. The warrant number order is organized by payment type, which is referred to as the pay entity code. Most types of payments are also sorted by fund/object/center and vendor number. For disk or tape batches, warrants are issued in the order submitted by the agency.

This report is not to be used to verify the object entry. The Warrant Distribution Report provides the total amount paid and lists the first object recorded for the payment. When the payment is for more than one object, the detail of amounts recorded to each object is not shown. Verify general ledger entries as reported on Activity Reports.

Report Information Defined

The following explains each heading or column title on the Warrant Distribution Report. An example of the report is given.

1. REPORT ID: APAGYWRP This identifies the source application system, and the type of report, as follows:

   AP = Accounts Payable Source System
   AGYWRP = Agency Warrant Report

2. RUN DATE This is the date and time the job was run to extract this report. The time is displayed in military format.

3. REPORT TITLE Identifies the source of the report as the Auditor of State of Indiana, and the name of the report, Warrant Distribution by Agency.

4. PAGE NUMBER All reports issued that day are numbered consecutively.

5. DOC/DIST AGENCY The agency number as entered for the document and the distribution agency number for the fund/center. These should always contain your agency number(s).

6. CNTL Control Number The Auditor's Office assigns a four digit control number to each batch of payments processed. This is stamped onto the processed document copies returned to the agency. The first digit of the control number indicates the type of document or method processed, as:

   1 = Travel Vouchers
   2 = Claim Vouchers
   3 = Matched Payments
   4 = SDO Reimbursements, or DIST Payments to Local Governmental Units
   6 = Land Acquisition Claims
   8 = 8000 to 8200 Payments processed from personal computer disk vendor payment program.
   8201 to 8999 Payments for TAPE pay entity code.

7. WARRANT NUMBER This is an eight digit number assigned to each payment and printed on the warrant. It should equal the preprinted warrant number. Only the warrant series which begins with one are included on this report. The warrants are peach and have a stub with information for the payee. ACH numbers are also included on this report.

8. FUND/CENTER The fund/center to which the payment is recorded.

9. OBJECT The first object recorded for the payment. This report does not provide object detail for payments issued for multiple objects.

10. PAY ENTITY This identifies the type of document the payment is for. The definitions of each, in the order presented, are:

    CIVP = Purchase Order Payments
    ATRA = Travel Vouchers
    BOLP = Claim Vouchers
    DSDO = SDO Reimbursements and Advances
    ESDO = Local Units of Government, paid by Distributional Numbers
    LAND = Land Acquisition Claims
    TAPE = Magnetic Tape Payments, Using Auditor's Vendor File

11. VENDOR NUMBER This is the vendor file record used to make payment. Location codes, when used, are also reported.

12. INVOICE NUMBER This is the document reference, including the tape or disk record number, as applicable.

13. P.O. NUMBER The purchase order number is reported for matched payments.

14. AMOUNT This is the total amount of the warrant. The grand total of all warrants listed for the agency is given at the end of the report.

INDIANA AUDITOR OF STATE

REPORT ID: APAGYWRP | WARRANT DISTRIBUTION BY AGENCY | APB0515 | PAGE 0014

RUN DATE 01/18/2000 19:11:49 | FOR 01/18/2000

DOC/DIST AGENCY	CNTL	WARRANT NUMBER	FUND	CENTER	OBJECT	PAY ENT	VENDOR NUMBER	INVOICE NUMBER	P.O. NUMBER	ISSUE DATE	AMOUNT
061 061	3101	16474972	1000	390350	534600	CIVP	0351142330	90852	00750055	01/18/2000	104,158.66
061 061	7006	16475393	5220	106000	521800	BOLP	0224468307	C06107735		01/18/2000	28.75
061 061	7006	16475394	5220	106000	521800	BOLP	0224468307	C06107736		01/18/2000	28.75
061 061	7006	16475395	5220	106000	521800	BOLP	0224468307	C06107737		01/18/2000	28.75
061 061	7006	16475396	5220	106000	521800	BOLP	0224468307	C06107738		01/18/2000	99.62
061 061	7006	16475397	5220	106000	522200	BOLP	0363251481 32	C06107739		01/18/2000	46.27
061 061	7006	16475398	5220	106000	522200	BOLP	0363251481 29	C06107740		01/18/2000	1,615.00
061 061	7006	16475399	5220	106000	522200	BOLP	0363251481 29	C06107741		01/18/2000	600.00
061 061	7006	16475400	5220	106000	522200	BOLP	0363251481 29	C06107742		01/18/2000	454.00
061 061	7006	16475401	5220	106000	522200	BOLP	0363251481 29	C06107743		01/18/2000	857.70
061 061	7006	16475402	5220	106000	522000	BOLP	0351869961	C06107744		01/18/2000	6,330.55
061 061	7006	16475403	5220	106000	522100	BOLP	0132745892 21	C06107745		01/18/2000	21.19
										* TOTAL	114,269.24

Procedures Upon Receiving the Warrant Distribution Report

The primary purpose of the Warrant Distribution Report is for the agency to determine that all required warrants and documents were received. Necessary procedures are explained below.

Compare the beginning and ending warrant numbers received to those listed on the Warrant Distribution Report after the matched payments of purchase orders [CIVP pay entity]. Warrants issued for matched payments are mailed directly by the Auditor of State's Office. Next, review the warrants received to observe that the warrant number sequence is intact.

Perform a cursory review of the distribution agency number column. If any incorrect agency numbers are listed, review the document and fund/center entry further.

Determine that all required processed document copies were returned to the agency. Compare that a voucher abstract was returned for each different control number for pay entity codes ATRA, BOLP, ESDO, and TAPE. An SDO Reimbursement Voucher should have been returned for each DSDO pay entity code. Additional reports and documents are returned for payments issued from an agency's computer disk or tape. For these see Chapter 14. For each matched payment, the agency should receive the processed photocopies of the agency receiving report and the vendor invoice, bill or statement. Compare the purchase order number and payment amount per the documents and the report. Enter the "M" document reference at the top of the agency receiver copy, and place a checkmark next to the purchase order number on the report.

File the Warrant Distribution Report in chronological order in a report binder.

Prior to mailing or distributing the warrants, verify accuracy of the payee name, address, and warrant amount by comparing to the source documents, such as the claim or travel voucher.

ERROR HANDLING PROCESS

Incorrect Name or Amount on Warrant

When the payee's name or the amount is incorrect on the warrant issued, deface the warrant by writing "VOID" in large letters. Send the warrant back to the Auditor's Office with a copy of the original claim voucher and the voucher abstract. The Auditor's Office performs procedures to void the warrant on the accounting system and re-issue a corrected warrant. The re-issued warrant has a different warrant number, but retains the same document reference. The re-issued warrant is listed on the Warrant Distribution Report and returned to the agency for distribution.

The Agency Available Funds Activity Report will show the document reversal and re-entry. The Auditor's Office enters the correction directly to all affected source systems, such as: vendor file, reconciliation file, and the accounts payable file.

Incorrect Address on Warrant

The warrant should not be re-issued only for an address difference. The agency should mail to the address indicated by the payee. This situation requires a follow-up contact with the payee and the vendor file inquiry. To change the vendor address on the Auditor's system, have the vendor submit a form W-9.

Incorrect Document Reference Entered

Occasionally, the Auditor's Office may type an incorrect document reference for an item. If no other error is discovered for the transaction, and it belongs to the fund/object/center to which it was posted, then post the document reference as recorded in the Auditor's system to the document and applicable agency records. The system does not have a method to change document references entered.

Error in Fund/Object/Center Recorded

Correct errors of this type by journal voucher.

Receiving Another Agency's Documents

Warrants and documents which do not belong to your agency should be returned to the Auditor of State's Office. Be sure to determine that they were not incorrectly charged to your agency.

LOST OR FORGED WARRANTS

If an Auditor of State's warrant has been lost, stolen, or suspected of being forged, contact the Auditor of State's Office. Inform them of the warrant number and warrant type (payroll, accounts payable, miscellaneous). The Auditor's Office will then determine if the warrant has been paid.

If the warrant has been paid, the matter is turned over to the Treasurer of State's Office and treated as a forgery. If the warrant has not been paid, the Auditor's Office will send to the claimant an affidavit. When this affidavit has been returned, the Auditor's Office will again determine if the warrant has been paid. If the warrant has not been paid, a replacement warrant is prepared.

Warrants suspected of being forged are followed up by the Treasurer of State's Office. The Treasurer's Office will make a copy of the warrant and send it along with an affidavit to the claimant. If the claimant still maintains the endorsement is not his or hers, the affidavit is signed, notarized, and returned to the Treasurer's Office. The Treasurer will send the affidavit to the bank which cleared the warrant and recover the funds. The recovered funds are deposited into a Treasurer of State clearing account and a new warrant is issued to the claimant from this account.

If a payroll warrant is lost and the individual is still employed by the state, the Auditor's Office will consider issuing a replacement check prior to the end of the thirty day waiting period normally required for lost warrants.

AGENCY AVAILABLE FUNDS ACTIVITY REPORT

Description

The Agency Available Funds Activity report is produced on Alchemy for each date with allotment, expenditure, or encumbrance transactions for the fund/center. Due to the process, it is available approximately two days after the warrants and processed documents are received. The Activity Report is issued from the general ledger and is to be reviewed and verified by the agency. An example is provided.

The totals provided on an Activity Report are of listed transactions only. The "POINT TOTAL" is the total of the major object category, which is shown as the second digit of the object. The "CENTER TOTAL" is the grand total of each column for the activity dates reported.

Verification of Expenditures

Compare the expenditure point total to the total amount of the batch documents on hand, which were processed that day for the center and expenditure category. Use the total amounts of applicable voucher abstracts, matched payments, SDO reimbursement vouchers, and interdepartment bills. For point one, verify payroll entries separately (PR document reference). Determine that the documents belong to the fund/center to which they are posted. Inquire of any expenditures recorded for which the agency has no documentation. Review transaction detail if a difference exists between the reported point total and the total of the processed batch documents.

INDIANA AUDITOR OF STATE
REPORT ID : GM-AGAFDE AGENCY AVAILABLE FUNDS ACTIVITY PAGE 1
RUN DATE 12/31/1999 02:53:11 12/01/1999 THRU 12/31/1999
AGENCY 300 NATURAL RESOURCES, DEPT. OF FUND CENTER 1000 375330 VARIOUS RESERVOIR INFRASTRUCTUR6300300

EFF DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	WN. REF.#	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES
12/01/1999	PR991201	*OK3005757	PR1G	510101			.00	1,450.00	.00
12/01/1999	B-999WC01500	*OLA000430	AP01	512000		016418078	.00	285.70	.00
12/01/1999	PR991201	*OK3005863	PR2A	515001			.00	110.92	.00
12/15/1999	PR991215	*OLN004645	PR1G	510101			.00	2,035.00	.00
12/15/1999	PR991215	*OLN004750	PR2A	515001			.00	157.21	.00
12/29/1999	PR991229	*OL1005367	PR1G	510101			.00	2,150.00	.00
12/29/1999	B-999WC01500	*OL2000442	AP01	512000		016454403	.00	571.52	.00
12/29/1999	PR991229	*OL1005475	PR2A	515001			.00	164.48	.00
			POINT TOTAL				.00	6,944.83	.00
12/15/1999	C-7148	*OL0000658	AP01	537000	99750318	016435750	.00	22,522.40	.00
12/15/1999	C-7148	*OL0000985	AP02	837000	99750318	51750261	.00	.00	22,522.40-
12/27/1999	B-C300000679	*OL0000497	AP01	534600		016448502	.00	2,860.00	.00
12/29/1999	C-4	*OL2000629	AP01	537000	00750198	000565928	.00	13,454.40	.00
12/29/1999	C-4	*OL0000899	AP02	837000	00750198	51905399	.00	.00	13,454.40-
			POINT TOTAL				.00	38,836.80	35,976.80-
12/27/1999	O-00750344	*OL0003978	PS02	860200	00750344		.00	.00	142,865.00
			POINT TOTAL				.00	.00	142,865.00
			CENTER TOTAL				.00	45,781.63	106,888.20

AGENCY APPROPRIATION AND ALLOTMENT TRIAL BALANCE REPORT

This daily report gives year-to-date center and agency grand totals for appropriations, appropriation balance, allotments, expenditures, encumbrances, and the allotment balance. If the center has been designated with a control number of 3 or 5, then the totals are also presented for each object category.

The Agency Appropriation and Allotment Trial Balance report functions as a summary of the accumulation of transactions reported on the Agency Appropriation Activity and Agency Available Funds Activity reports.

See Chapter 2 for an explanation of report headings and columns.

An example is provided on the next page.

INDIANA AUDITOR OF STATE

REPORT ID : GL-AGAATB — AGENCY APPROPRIATION & ALLOTMENT TRIAL BALANCE — PAGE 1

RUN DATE 12/30/1999 19:43:47 — AS OF 12/31/1999

AGENCY 062 PUBLIC RECORDS COMMISSION

AGY FUND CENTER	P T	C T L	APPROPRIATIONS	APPR BALANCE	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES	ALLOT BALANCE
062 1000 100630	1		1,410,093.00	.00	1,410,093.00	639,638.30	.00	770,454.70
062 1000 100630	2		155,203.00	27,448.00	13,486.00	8,490.23	.00	4,995.77
062 1000 100630	3		.00	.00	67,513.00	14,410.17	8,098.25	45,004.58
062 1000 100630	4		.00	.00	41,445.00	10,384.41	.00	31,060.59
062 1000 100630	5		.00	.00	11.00	46.28	.00	35.28-
062 1000 100630	7		.00	.00	1,000.00	2,181.42	.00	1,181.42-
062 1000 100630	8		.00	.00	1,500.00	364.40	.00	1,135.60
062 1000 100630	9		.00	.00	2,800.00	2,340.82	.00	459.18
062 1000 100630	*	3	1,565,296.00	27,448.00	1,537,848.00	677,856.03	8,098.25	851,893.72
062 1000 100631	3		.00	.00	13,111.01	10,324.40	2,571.15	215.46
062 1000 100631	4		.00	.00	84.00	.00	.00	84.00
062 1000 100631	5		.00	.00	2,326.00	2,118.00	208.00	.00
062 1000 100631	*	3	.00	.00	15,521.01	12,442.40	2,779.15	299.46
062 1000 217330	0		147,041.60	37,541.60	109,500.00	.00	.00	109,500.00
062 1000 217330	1		.00	.00	.00	15,285.54	.00	15,285.54-
062 1000 217330	2		.00	.00	.00	9.06	.00	9.06-
062 1000 217330	3		.00	.00	.00	55,660.31	.00	55,660.31-
062 1000 217330	4		.00	.00	.00	35,390.57	1,671.00	37,061.57-
062 1000 217330	5		.00	.00	.00	922.66	.00	922.66-
062 1000 217330	*	5	147,041.60	37,541.60	109,500.00	107,268.14	1,671.00	560.86
062 1000 217331	3		.00	.00	695.00	.00	.00	695.00
062 1000 217331	4		.00	.00	6,637.92	6,398.87	239.04	.01
062 1000 217331	*	5	.00	.00	7,332.92	6,398.87	239.04	695.01
062 6000 101300	*	6	.00	.00	26.30	.00	.00	26.30
062 6000 101400	*	6	.00	.00	7.48	.00	.00	7.48
062 AGENCY TOTAL			1,712,337.60	64,989.60	1,670,235.71	803,965.44	12,787.44	853,482.83